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THE GOVERNMENT-CONTROLLED COOPERATIVES, A STRONG MODEL FOR COOPERATIVE ESTABLISHMENT? A RE-THINKING FROM AFRICAN COOPERATIVES; EVIDENCE FROM TANZANIA EXPERIENCE.

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ABSTRACT: The history of Africa cooperative has been influenced by government policy and registration to the extent that even when it comes to the promotion of new cooperatives. The paper examined two questions; how government had taken right of cooperative society; how rights of members in cooperative have been compressed. The paper was guided cooperative democratic theories that focus on how democratic principles. In nature the paper is descriptive and has adapted the qualitative approach. This paper was mainly written based on the critical assessment on various literature related to the co-operative movement. The review of various published papers and reports were done. The discussion shows that; the legal framework for establishing cooperatives guided by principles and theory, must be member driven models. Also, reforms made across different time period should embrace member benefits and member controls than creating the government mechanisms in controlling cooperatives. Also, it was found that, in developing countries Tanzania inclusive, there is more government hands than stakeholders (Members). Further, the establishment of cooperative in Africa would have been formed by insider driven efforts based on the capital structure accumulated and governed by cooperative principles. Also, the promotion of cooperatives by government controls and driven models cannot promise a sustainable strategy through which members feel of being true cooperators. The paper concludes that, when the promotion of cooperative becomes an insider driven model cooperators they formed a resilience, strong and sustainable cooperative enterprise. The paper recommends to cooperative policy makers to strengthening membership rights in including on cooperative laws ensuring transparency in governance, promoting member education and participation, and addressing conflicts of interest. Further recommendations to the Tanzania government (ministries and TCDC) should focus on creating a conducive environment for cooperative development and providing necessary support, rather than direct control.

Keywords. Sustainable cooperatives; Government role in cooperatives, Cooperative member control.

INTRODUCTION

Globally, the importance of a co-operative as a member owned socio-economic institution is becoming evident and the aspect of member democracy is becoming important in cooperative

governance (ICA, 1967; ILO, 2002; Rwekaza et al 2018). Based on cooperative principles, the context of cooperatives, "autonomous" means self-governing and independent (ILO, 2002). Cooperatives are defined as autonomous organizations, meaning they are controlled by their members, not external entities (Rwekaza and Anania, 2021). Cooperatives have the freedom to make decisions and operate according to their own values and principles, free from undue influence or control. Autonomy is a key principle of cooperatives, along with concepts like democratic member control and self-help (ICA, 1995; Sen et al., 2017). Cooperatives are democratically controlled by their members, ensuring that decisions are made in their best interests (Victoria et al., 2017). Cooperatives are also independent in the sense that they are free from external interference in their operations and decision-making (Ortmann and King, 2007). This autonomy allows cooperatives to make decisions about their business practices, membership, and governance, all while remaining true to their cooperative values. Autonomy ensures that cooperatives remain true to their mission of serving the needs of their members and the community. In Europe, the exercise of cooperative democracy is done by fostering democracy through cooperative structures and initiatives at a European level. This concept encompasses various initiatives, including the European Cooperative Society (SCE), which allows for trans-national cooperation, it also includes broader efforts like the Team Europe Democracy Initiative and the European Cooperation Network on Elections (Roe, 2003). According to Ntimbaa and Akyoob (2017) and Deressa and Kanagaraj (2015) the European Cooperative Society (SCE) had been practicing the member driven cooperative enterprise by forming a legal form of a cooperative that aims to facilitate cross-border and transnational activities of cooperatives within the European Union. The strength of these member-controlled cooperative is that, it allows cooperatives members to operate across national borders, fostering collaboration and shared goals among from different EU countries. The European cooperative promotes democratic participation by allowing individuals to be involved in the decision-making process of a jointly-owned and democratically-controlled enterprise. The EU-Central Asia cooperative is based on democracy and rights: this cooperative focuses on promoting democracy and rights in Central Asia, highlighting the EU's commitment to democratic values and processes (Wanyama, 2014). Cooperative models, with their focus on grassroots collaboration and democratic participation, can be seen as a way to reconnect local communities and involve them more closely in democratic processes (Victoria et al., 2017). In United States cooperatives can serve as examples of successful democratic structures, demonstrating how individuals can actively participate in the governance and decision-making processes of their organizations. According to Rwekaza and Nko (2012) in India, the cooperative movement has been calling for greater engagement with policymakers and political parties to address challenges to democracy and promote sustainable development. In Tanzania, the government has undertaken various policy reforms to strengthen cooperative societies since independence (Birchall and Simmons, 2010; Bomani, 1960). These reforms aim to enhance transparency, accountability, and operational efficiency within the sector (Rwekaza, 2019; Rwekaza and Anania, 2020). Different reforms that are governed by policy framework had been found to hijack the member controls in cooperatives. For instance, the establishment of the Tanzania cooperative development commission (TCDC) under the cooperative societies act, 2013

serves as a regulatory and promotional body for cooperatives; its establishment were found to have more voice in cooperatives than cooperators themselves by presenting several secular and directives to cooperatives despite understanding these are member-based organization that had democratic decision in implementing their established objectives. The TCDC is tasked with overseeing the registration, regulation, and development of cooperative societies, ensuring they operate in line with national policies. Such institutional reforms assume to underscore the government's commitment to fostering a robust and sustainable cooperative movement in Tanzania. The Cooperative Societies Act no. 6 of 2013 serves as the primary legal instrument guiding the operations of cooperative societies in Tanzania. Section 26 of the act permits cooperative societies to form joint enterprises or enter into joint ventures, subject to the approval and limitations imposed by the registrar (Kassanga and Jovin, 2021). This provision ensures that any diversification into new investment areas undergoes regulatory scrutiny to assess viability and alignment by the registrar despite the mandate given to the cooperative society with cooperative principles. Furthermore, the cooperative society's rules, 2014 complement the Act by providing detailed guidelines on the types of permissible investments. Rule allows cooperative societies to add up to four subsidiary objectives to their principal objective, facilitating diversification. However, this expansion is contingent upon adherence of the registrars' approval but also ensuring that diversification efforts are member-driven and transparent. The Tanzania cooperative development commission as a government institution; one of its key functions is to oversee the investment activities of cooperative societies by providing rules and threshold of capital investment parameters. The TCDC provides guidelines and monitors the implementation of investment strategies to ensure cooperatives are sustainable and beneficial to members; in that, member benefits are determined by the established government institutions. In 2022, the TCDC released an investment guide manual aimed at assisting cooperative societies in making informed investment decisions; this manual outlines procedure and steps that societies should consider before and after making investments, promoting compliance with existing policies, laws, and regulations. According to Sen, et al., (2017), investment is not a one-way doing things, it cannot be guided by guidelines with regard to global science and changes in innovation, members' decision with best practice is expected to take the right decisions with minimal government hands. On investment decisions and membership democratic rights based on government efforts mitigate risks associated with diversification, the Tanzania government has instituted specific restrictions on the types of investments cooperative societies can undertake. For instance, the microfinance (savings and credit cooperative societies) regulations, 2019 stipulate that SACCOS can invest in interest-bearing deposits in banks or financial institutions, government securities, and other areas approved by the central bank and the cooperative society's registrar. These regulations ensure that investments are secure and yield reasonable returns. Moreover, any investment beyond the stipulated areas requires prior approval from the registrar. This approval process involves a thorough assessment of the proposed investment's feasibility, potential risks, and alignment with the society's objectives. Such measures elude member controls of the process since they are based on government decisions that corporators The Tanzania cooperatives face challenges on cooperative societies under government control. While the government aimed to improve the functioning of

cooperative societies, several challenges arose. These included a lack of trained personnel to run cooperatives effectively, bureaucratic inefficiencies, and the centralization of decision-making that limited local participation (Asiones, 2020). Additionally, many cooperatives faced financial difficulties due to poor management and a lack of proper infrastructure, which ultimately led to the dissolution of several cooperatives by the early 1980s (Chambo, 2008). Despite of all these ups and downs, cooperative sector had been the mother to Tanzania economic growth at household and country as well. However, cooperative autonomous structures had not been attained in the cooperative industry in Tanzania. The general objective is based to assess cooperative position in exercising the democratic control of institutional decisions. Specifically, the paper examined two questions; how government had taken right of cooperative society; how rights of members in cooperative have been compressed. This article views were guided cooperative democratic theories that focus on how democratic principles, like equal say and control, can be implemented within cooperative organizations. These theories emphasize the importance of open membership, democratic decision-making, and member participation in achieving a fair and equitable distribution of benefits and responsibilities. Key principles of cooperative democratic theories that are expected to be adhered includes: Open Membership: Cooperatives are generally open to anyone who can benefit from the cooperative's services or activities. Democratic Control: Members have an equal say and vote in the decision-making process, ensuring that the cooperative is run by and for its members. Member Participation: Members are encouraged to actively participate in the cooperative's activities, including decision-making, management, and education. Fair Distribution of Surplus: Any surplus generated by the cooperative is distributed among members based on their transactions or contributions, ensuring that they benefit from the cooperative's success. Limited Interest on Capital: While members may contribute capital, the interest they receive on it is limited, with any remaining surplus being distributed among members. Autonomy and Self-Determination: Cooperatives are autonomous and self-determining, meaning they are not controlled by external forces or shareholders. Based on these key theories and principle, it is expected that, cooperative members will exercise them without intrusion of external riders.

METHODOLOGY

In nature the paper is descriptive and has adapted the qualitative approach. This paper was mainly written based on the critical assessment on various literature related to the cooperative movement. The review of various published papers and reports were done. To some extent, the review of some materials such as government speeches were done to justify some of the discussions made. The paper also draws findings from secondary sources, mainly empirical literature and government reports were done with selection on members' controls rights in cooperatives, globally up to Tanzania. The theoretical review was done based in ICA principle, ethical values and cooperative practice that guide cooperative decisions and control rights forms the basses of the document arguments.

DISCUSSION

Government Control Systems in Cooperative Society: Introduction of government control in cooperative societies began after Tanzania's independence in 1961, where the government sought to reform cooperative societies as part of its broader economic development strategy (Nyerere, 1967; Lwoga 1992; Chambo 2007). Initially, cooperatives were seen as essential tools for rural development and collective economic activity (Meghji, and Tarimo 1992). However, during the early years of post-independence, the government gradually moved toward controlling these entities, believing that cooperative societies were key in shaping the national economy. Under the leadership of President Julius Nyerere, policies such as *ujamaa* (African socialism) were introduced, and the government emphasized nationalization (Rwekaza and Anania 2021). The nationalization of cooperative societies in the 1970s, the Tanzanian government began a process of nationalizing cooperative societies (United Republic of Tanzania 1975). The rationale was that, under private ownership, many cooperatives were poorly managed, and this inefficiency was hampering economic growth. According to Ngeze (1975) the government aimed to take over these cooperatives, reorganize them, and ensure they served the public good, particularly focusing on ensuring equitable access to resources for all citizens. The creation of the national cooperative council and the creation of a legal framework for government intervention were key milestones during this period. Legal framework and policy adjustments where the cooperative society's act of 1975 was introduced to regulate and formalize government control over cooperatives (Rwekaza, 2019). This act granted the government significant powers to intervene in the administration, financial management, and even the dissolution of cooperatives. Basing on the argument raised by Kamugisha (1986) and Wanyama (2014) it also required that cooperatives align their operations with national economic goals. The shift from cooperative autonomy to government oversight created challenges but was seen as a necessary step to maintain control over the national economy. Government oversight and administration of cooperatives by nationalization where the government assumed a direct role in the management and oversight of cooperative societies (Kahama, 2002; Ministry of Agriculture. 2020). This involvement extended to the management of cooperative banks, ensuring that cooperatives had access to credit and other financial resources. However, the government also imposed strict regulations that were sometimes seen as burdensome by cooperative members. According to Chambo and Dyamet (2011) the direct government control in daily operations was intended to ensure that cooperatives operated efficiently and served the national interest. As from 1977, the government and the part system were one and the same; this was the one-part state government (Wakuru, 2016). Cooperative was one among the wing of the *Chama cha Mapinduzi* (CCM) (Mpondo, 1983); that makes government to have a strong control of cooperatives where all the decision made by the cooperatives was rooted from the part stems within which this was a state decision. Privatization and reforms in the 1990s. By the early 1990s, Tanzania underwent significant political and economic reforms (Anania and Rwekaza, 2016; Chambo and Dyamet, 2011). As part of these reforms, the government began to decentralize its control over cooperative societies and moved towards privatization. This shift

was aligned with broader market-oriented policies under the World Bank and international monetary fund's structural adjustment programs. However, this privatization did not lead to the full return of cooperative autonomy, as the government still retained some regulatory powers (Anania and Bee, 2018). Therefore; the government of Tanzania has played a central role in the development, regulation, and oversight of cooperative societies. From nationalization to decentralization and privatization, the Tanzanian government has continually reshaped the landscape of cooperatives in the country. Despite facing challenges in managing these entities, the government's policies have been aimed at balancing economic growth with social justice and equitable development. However, further reforms are needed to ensure cooperatives can thrive in today's competitive global market. Legal framework governing cooperatives in Tanzania based on the cooperative society's act of 1975. One of the most significant pieces of legislation impacting cooperative societies in Tanzania was the *cooperative society's act of 1975* (Lwoga, 1992; Kahama, 2002). This act was introduced as part of the government's broader efforts to regulate and control cooperatives under a centralized system. The act provided for the establishment, registration, and regulation of cooperative societies in Tanzania. It also approved the government significant influences to supervise, intervene in, and even dissolve cooperatives that were not perceiving to national economic goals. Under this law, cooperatives became answerable to the government and had to follow a structure that prioritized national welfares over individual cooperative autonomy. According to Anania, et al., (2020) and Mbasha (1998) the cooperative societies had to abide with the key provisions such as; The establishment of cooperatives required approval from the government. The government had the authority to inspect and monitor cooperative activities. Government-appointed officials could intervene in the day-to-day management of cooperatives. The government could disband cooperatives if they were found not complying with economic directives. The role of the ministry of agriculture and cooperatives (1960s-1980s) indicates that, the ministry of agriculture and cooperatives (later renamed the ministry of agriculture and the Tanzania cooperative development commission) played a pivotal role in the oversight of cooperative societies (Msomi and Gwandu, 1981; Ministry of Agriculture, 2020). The ministry was responsible for ensuring that cooperative societies adhered to national policy objectives, including economic and agricultural development. According to Maghimbi (2010), Mayala and Bamanyisa (2018) and Rwekaza (2019) provides the argument that, legal framework provided by this ministry allowed for the creation of regulations and the enforcement of rules governing cooperative operations. From the regulatory influence; the ministry enacted regulations that ensured cooperatives adhered to national policies. For example, the ministry's influence extended to regulating the prices cooperatives paid for agricultural produce and the way cooperatives distributed profits. By ensuring government intervention in these areas, cooperatives were forced to operate within the limits set by the state. The Tanzania cooperative development commission (TCDC) where in 2001, the Tanzanian government established the *Tanzania cooperative development commission (TCDC)* to replace the previous institutional framework overseeing cooperatives (Rwekaza et

al., 2020; Tanzania Cooperative Development Commission, 2002). The TCDC was designed to provide a more modern approach to cooperative governance, focusing on promoting and supporting cooperative societies while still ensuring regulatory oversight. The TCDC provides support to cooperatives, particularly in areas such as capacity building, governance, and legal frameworks, while ensuring compliance with national regulations. TCDC had sets the key responsibilities such as; the TCDC sets policies for cooperative development. It ensures cooperatives are functioning in accordance with the law. The commission acts as a mediator between the government and cooperatives to promote development. However, TCDC has more power to cooperatives that remaining with regulatory role. The cooperative societies (amendment) act of 2003 in 2003, the cooperative society's act of 1975 was amended to introduce new provisions that allowed for greater flexibility in the operations of cooperatives (Chambo et al., 2007). The amendments were aimed at addressing the challenges faced by cooperatives, particularly in light of global economic changes and the privatization policies of the 1990s. These amendments sought to modernize cooperatives and introduce more market-driven principles, even though the government still retained a substantial role in overseeing cooperative governance. The amendments provide key directives such as; the introduction of more democratic structures in cooperatives, allowing members more control over decision-making processes. The amendment allowed cooperatives to enter into partnerships with the private sector and international organizations, provided these partnerships aligned with national development goals. Provisions for the creation of cooperative federations, which provided a platform for cooperatives to collaborate at regional and national levels. Despite of these provisions still the government had remained the provider of price limits, marketing arrangement for cooperatives, interest limits, usage of share capital and cooperative investment rations and others that limits cooperative democratic decision. The legal status of cooperative leadership in Tanzanian cooperative laws emphasizes the legal status and responsibilities of cooperative leaders, ensuring that, they are accountable to cooperative members and the state. The act of 1975 and subsequent amendments outlined the duties of cooperative managers and officials, detailing their responsibilities in financial management, membership relations, and compliance with national standards (Rwekaza, 2021). According to Wakuru (2016) these regulations have been aimed at ensuring that cooperative leaders do not abuse their positions for personal gain, however, leaders being accountable to the state causes state controls to cooperative leaders by obeying government directives within which it dictates leadership decisions. In the aspect of cooperative to operate transparently and equitably, the government exercise control on the key legal provisions where; cooperative leaders are legally obligated to submit annual reports to both cooperative members and the government (Nugusse et al., 2013). The law also stipulates procedures for the removal of cooperative leaders in case of mismanagement or corruption. The Legal provisions ensure that cooperative members have the right to call for audits or investigations into the operations of their cooperatives. On the same, the government trough its regulatory machinery can appoints the board or management to lead

the cooperative society without controls in limits tenure of office. The legal framework governing cooperative societies in Tanzania has evolved significantly since independence. From nationalization and strict government control in the 1970s to reforms in the 1990s and 2000s that aimed to modernize and democratize cooperatives, the legal landscape has continuously been shaped by the country's broader economic and political goals. The government remains an influential player in the cooperative sector, providing both support and regulatory oversight through various legal instruments, including the cooperative society's act, the Tanzania cooperative development commission (TCDC), and cooperative banking regulations. By examining the legal structures put in place, we can see how Tanzania has not balanced state control with attempts to modernize its cooperative sector to adapt to market-driven economies. The changes in laws reflect both internal pressures (such as the need for more efficient management) and external pressures (such as globalization and privatization). In Tanzania, the creation of cooperative banks was crucial for financing rural cooperative projects, but it also required careful legal regulation. Cooperative banks were legally bound to adhere to the same rules as other financial institutions, with additional regulations ensuring that the funds provided to cooperatives were used appropriately for development activities. The government has established various legal frameworks to facilitate the financial operations of cooperative societies where the cooperative bank becomes among them. The cooperative bank faces legal challenges related to its operational framework and the broader legal environment for cooperatives in Tanzania. These include issues regarding dispute resolution, the extent of government oversight, and the interaction with other financial institutions. The Tanzanian law, particularly the cooperative societies act of 2013 outlines a specific dispute resolution process for cooperatives and for that matter the cooperative banks inclusive, which involves negotiation, reconciliation, and ultimately, appeal to the Minister. In such situation, cooperative members who in such circumstances includes shareholders, if the appeals go to the minister than the court of appeals, it indicates government controls than shareholders interest within which their rights can be obtained in the courts which is a free institution. Normal courts are generally omitted from hearing cooperative disputes, raising questions about the scope of their jurisdiction when disputes arise, especially if they contain matters beyond the "business" of the cooperative. Regulatory requirements for capitalization of cooperative where Tanzanian government has established regulations to ensure the financial stability of SACCOS becomes sustainable. The Cooperative Societies Act, 2013 in Tanzania outlines several financial requirements for cooperative societies; these include provisions for revenue management, investment of funds, restriction on borrowing from non-members, and the establishment of a reserve fund. Specifically, the Act addresses revenue generation, fund management, loan restrictions, investment strategies, inspection of funds, financial provisions, dividend and bonus distribution, reserve fund management, and the distribution of balances (TCDC (2023)). All these indicates how the government controls cooperative by providing its procedures outside cooperators democratic decision based of cooperative established strategic objectives. The

cornerstone of governmental oversight in Tanzania's cooperative sector is the cooperative societies act, 2013; the Act delineates the legal structure for the registration, governance, and operation of cooperative societies; the mandates societies being to adhere to specific investment guidelines, ensuring that funds are utilized in alignment with their stated objectives. For instance, section 52(2) (d) empowers societies to make by-laws prescribing the purposes to which funds may be applied, including the mode of their custody and investment. However, the investment decisions should be approved by the government, that is TCDC offices from national level to district levels. This provision was made to ensure that investments are not only transparent but also serve the collective interests of the members. Moreover, the Act emphasizes the importance of aligning investments with the society's objectives, where it had been noticed that, society objectives are also need to be approved by the government. Such legal stipulations were meant in maintaining the financial integrity of cooperative societies and protecting members from potential mismanagement. Investment guidelines and restrictions. Investment activities of cooperative societies are further regulated under the cooperative societies' rules, 2014. These rules stipulate that the funds of a society shall be devoted only to the promotion of its stated government objects. Also, the Cooperative Societies Act, 2013 (Act No. 6 of 2013) provides guidelines and boundaries for investment of funds by cooperative societies. The Act specifies that societies can invest in various instruments, including bank deposits, government securities, and other approved instruments. It also outlines the process for registering charges on investments and requires societies to maintain records of their investment activities. However, with those objectives, cooperative members' decisions in investing in other non-core business that are not risky need to meet with the threshold stipulated by the government. Audits and inspections were established by the cooperative society's act to uphold financial accountability; the cooperative societies be audited at least once a year by the Cooperative Audit and Supervision Corporation (COASCO) which is the government machinery. On the same, if audits and inspection is done by the competent and registered auditor approved by the registrar the report need to be authorized by the Cooperative Audit and Supervision Corporation which again it's the same government machinery. The government on instance makes the appointment of administrators in the cooperative societies on instances where a cooperative society is mismanaged or fails to comply with regulatory standards, the government holds the authority to intervene directly. Under the cooperative societies act, 2013, the registrar possesses the power to conduct special inspections and, if necessary, appoint administrators to oversee the society's operations. Co-operative audit and supervision act allows the registrar to direct the director-general or any other authorized employee to hold a special inspection into the activities and financial affairs of a registered society. If such inspections reveal significant mismanagement or financial irregularities, the government can supersede the existing management and appoint an administrator to restore proper governance. This mechanism ensures that cooperative societies remain accountable and that members' interests are protected from potential mismanagement. With such a practice it

indicates the extent to which the government indicates to have more power over the cooperative society which is a community and private enterprise managed based on cooperative principles and theory.

Membership Rights in Cooperative: The rights of members refer to the process of planning, organizing, directing, and handling cooperative business (Rwekaza and Anania 2018; Sacchett and Tortia 2013). It includes all the activities involved in the movement of product and services. In cooperative societies, membership grants individuals' various rights, including the ability to participate in decision-making, elect board members, and appeal board actions if they are detrimental to the society. According to Ngeze (1975) and Chambo (2009) members also have the right to propose the dismissal of the chairperson and board members. Furthermore, members have the right to expect the cooperative to operate ethically and transparently (Adu, 2014; Msomi and Gwandu 1981). However, membership rights in terms of exercising their democratic practices has been not feasible in the cooperative societies. Cooperative societies had been characterized by weak democratic governance (Kahama, 2002; Münkner, 2015). Democratic governance is a cornerstone of cooperative principles, yet many cooperatives struggle with centralized decision-making. Elected boards often dominate the governance process, sidelining ordinary members and undermining the "one-member-one-vote" principle. The democratic leadership need member to choose their leaders; it becomes shocking when board elected by members are removed by the government and submits their own choice by vetting process or replacements. For instance, Francesconi and Ruben (2008) found that. discourages active participation, as members feel their voices are unheard. Without inclusive governance, cooperatives risk becoming hierarchical rather than member-driven. Strengthening democratic practices requires regular member consultations, transparent voting mechanisms, and term limits for leaders to prevent power consolidation. Hellin et al., (2009) argued that, training programs on cooperative governance can empower members to hold government leaders accountable. Cooperative societies were found to be affected by institution lack of transparency and accountability. Transparency is critical for member trust, yet many cooperatives fail to disclose financial records or operational performance. Mushi (2013) and Wanyama (2009) notes that African cooperatives often withhold periodic reports, leaving members uninformed about financial health or management decisions. Without access to records, members cannot scrutinize expenditures, detect mismanagement, or advocate for fair resource allocation. This opacity fosters corruption and reduces member engagement. To address this, cooperatives should adopt open-book policies, publish audited financial statements, and hold regular town-hall meetings. Digital platforms could also enhance transparency by providing real-time updates on cooperative activities. Furthermore, establishing independent audit committees and whistleblower protections can reinforce accountability. Free riding and government elite capture were found to erode cooperative member controls and democratic engagements. The government elite capture occurs when local leaders, politicians, or manipulate cooperatives for personal gain (Lee 2017; Chambo and Dyamet 2011). Bernard and Spielman (2009)

highlight how government elites in dominate cooperative boards, diverting benefits to a select few. This undermines equitable resource distribution and marginalizes smallholder farmers. Government elite capture often stems from weak institutional checks, cultural hierarchies, or political interference. According to Maghimbi (2010) and Ngaruko and Lwezaula (2013) grassroots awareness campaigns can also be used educate members about their rights and the dangers of government elite dominance. Legal frameworks should penalize coercive practices and ensure cooperative assets serve collective interests. Furthermore, the increase to women access to education by the government effort would decrease the gap of the exclusion and discrimination among women where; despite women's significant role in agriculture, they remain underrepresented in cooperative leadership. FAO (2018) and Bernard and Spielman (2009) reports systemic barriers like cultural biases, lack of access to education, and discriminatory policies. Marginalized groups, including ethnic minorities and youth, face similar exclusion. This violates cooperative principles of equity and inclusivity. Remedies include gender quotas, leadership training for women, and sensitization programs to challenge stereotypes (Chambo (2008). Cooperatives could also create sub-committees focused on inclusivity to ensure diverse voices shape decision-making. Member capacity and awareness also affects cooperative in engagement on issues of democratic practices to increase their capacity on cooperative control rights. The low literacy rates and limited cooperative education hinder members' ability to advocate for their rights. ICA (1966) and Chambo (2009) emphasizes that many members lack basic knowledge of cooperative governance, making them vulnerable to exploitation. Capacity-building initiatives, such as workshops on financial literacy and leadership skills, are essential. Peer-to-peer learning and visual aids (e.g., infographics) can help bridge knowledge gaps. Partnerships with NGOs or government agencies could fund these programs. On the other hand, cooperative was faced with limited profit sharing and patronage refunds mechanisms that makes members low controls capacity. Cooperatives are meant to distribute surplus equitably, but Ortmann and King (2007) found that some African cooperatives withhold refunds, breeding mistrust. Clear profit-sharing policies and regular disbursement schedules are needed. Transparent accounting and member votes on surplus use can prevent misuse. Inadequate Legal Protection and Policy Support with weak legal frameworks and inconsistent enforcement of cooperative laws undermine members' rights to legal redress and fair treatment. Brirchall and Simmons (2010) emphasize that without clear laws, cooperatives often operate in legal grey areas, allowing abuse of power. Basing on the arguments raised by Rwekaza and Nko (2012), cooperative elections are sometimes rigged or manipulated, preventing free and fair leadership transitions that is done from taking forms, vetting and during elections; where all this had been the government process controls. This limits member choice and undermines cooperative democracy. Munkner (2015) found that in many African cooperatives, incumbents use their position to suppress opposition and control election outcomes. According to Rwekaza and Mhihi (2016) poor Communication and Member Engagement where limited communication channels and poor meeting attendance mean many members

are unaware of key decisions, limiting their participation in governance. Hellin et al. (2009) note that cooperatives often fail to engage members effectively, leading to apathy and exclusion from decision-making. According to Wakuru (2016) and Wanyama (2009) the bureaucratic interference and politicization where in some cases, governments or political actors interfere in the functioning of cooperatives, appointing leaders or dictating operations, thus undermining member autonomy. Wanyama (2014) observed that state-controlled cooperatives in Kenya were less responsive to members' needs due to bureaucratic interference

CONCLUSION

In cooperatives, membership democracy signifies that member, as owners, hold the ultimate decision-making power, exercising it on a one-member, one-vote basis. This principle ensures members actively participate in shaping policies and making decisions within the organization, highlighting the importance of democratic member control. In cooperative organizations, membership grants members various rights, including the ability to participate in decision-making, access to information, and the use of cooperative services. These rights are typically outlined in the cooperative's bylaws and legal framework. In cooperatives, membership control is a cornerstone, reflecting the democratic principle that members, as owners, have ultimate decision-making authority. This control is exercised through voting in meetings, electing the board of directors, and making decisions on major cooperative issues, ensuring that the cooperative operates in accordance with the members' interests.

RECOMMENDATIONS

In Tanzania, membership democracy in cooperatives is crucial, ensuring members' equal rights and participation in decision-making, as outlined in the National Development Co-operative Policies of 2002 and the Co-operative Act of 2013. Recommendations to the cooperative movement to emphasize the importance of ongoing education, training, and information for members, leaders, and management, along with close collaboration between stakeholders to uphold democratic practices. The Tanzania members also have the right to access cooperative services, contribute to the capital, and be involved in decision-making processes. It is recommendations to cooperative policy makers to strengthening membership rights in including on cooperative laws ensuring transparency in governance, promoting member education and participation, and addressing conflicts of interest. The Tanzania government (ministries and TCDC) should focus on creating a conducive environment for cooperative development and providing necessary support, rather than direct control.

Areas for further research: Government-controlled cooperatives present numerous areas for further research, including the impact of state intervention on cooperative autonomy, the effectiveness of government-led initiatives in promoting cooperative development, and the long-term sustainability of such models. Examining these aspects can provide valuable insights into the challenges and opportunities of government-controlled cooperatives in Tanzania.

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